

## Message Text

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ACTION IO-14

INFO OCT-01 AGR-20 RSC-01 AID-20 EB-11 AF-10 ARA-16 EA-11

EUR-25 NEA-10 COME-00 ISO-00 OMB-01 TRSE-00 ABF-01

OIC-04 DRC-01 /146 W

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R 261526Z OCT 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 1538

UNCLAS ROME 11749

FODAG

E.O. 11652: N/A

TAGS:

SUBJ: FAO PROGRAM OF WORK AND BUDGET AND RELATED ITEMS

REF : ROME 11453

SUMMARY: GG DEPUTATION MET OCT. 25 WITH FAO DDG JACKSON AND OTHERS TO OBTAIN AND DISCUSS LATEST INFORMATION ON PROGRAM AND BUDGETARY PROPOSALS FOR 1974-75. GROUP ADVISED EFFECTIVE BUDGET TO BE PRESENTED COUNCIL/CONFERENCE WILL TOTAL \$108,492,000. END SUMMARY.

1. GENEVA GROUP DEPUTATION (UK, FRANCE, GERMANY, NETHERLANDS AND US) MET OCT. 25 AT FAO WITH DDG JACKSON; CHIEF, PROGRAM FORMULATION AND BUDGET WEST; AND CHEF DE CABINET WALTON. GROUP EXPLAINED VISIT PRIMARILY DESIGNED OBTAIN MORE DETAILED INFO PROPOSED PROGRAM OF WORK AND BUDGET 1974-75. GERMANY, UK, US CITED CONCERN OVER MAGNITUDE PROPOSALS AND DIFFICULTY GOVERNMENTS HAVING IN TRYING TO DEVELOP POSITIONS ON FREQUENTLY CHANGING AND INCREASING BUDGET LEVEL. JACKSON SAID HE WELCOMED VISIT AS DID GG BOERMA WHOM HE HAD CONSULTED.

2. DISCUSSION FOCUSED MAINLY ON FOUR POINTS CITED REFTEL AND WAS FACILITATED BY WEST PROVISION OF A DRAFT "SUPPLEMENTARY UNCLASSIFIED

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PROGRAM AND BUDGET" DOCUMENT WHICH WILL BE PRESENTED COUNCIL/CONFERENCE. MAJOR TOPICS WERE: (A) /CLARIFICATION OF ADD-ONS TOTALING \$1,182,000/. (1) \$46,000 IS BUDGETED FOR MEETINGS OF THE PANEL ON THE SURVEY OF GENERAL SERVICE

SALARIES AND FEES OF CONSULTANTS. JACKSON SAID COSTS 1973 WILL BE ABSORBED BUT ADDITION REQUIRED EARLY MONTHS 1974. (2) \$84,000 FOR 18 MONTHS RENT FAO LIAISON OFFICE SPACE IN WASHINGTON. (3) \$192,000 FOR (ONE YEAR) STRENGTHENING OF FINANCIAL SERVICES DIVISION. THIS MOSTLY GENERAL SERVICE CLERKS, CONSULTANTS FOR TRAINING AND OVERTIME. AIM IS TO REMOVE ACCUMULATED BACKLOG OF FIELD AND SUSPENSE ACCOUNT PAPERWORK GROWING FROM INCREASED WORKLOAD AND REDUCTION IN STAFF. GG MEMBERS EXPRESSED CONCERN STAFF HAD DECREASED SINCE ATTENTION EARLIER CALLED THIS MATTER BY EXTERNAL AUDITOR. (4) \$370,000 UN ENVIRONMENT PROGRAM SUPPORT. EXPANDED COORDINATING UNIT IN OFFICE ADG AGRICULTURE DEPARTMENT WILL REQUIRE \$155,000. REMAINDER ACROSS ORGANIZATION IN SUPPORT SERVICES. JACKSON-WEST MAINTAINED ITEM NOT EARLIER RAISED SINCE ORGANIZATION HAD UNTIL LAST WEEK CONTINUED PRESS UNEP FOR OVERHEAD SUPPORT EVEN IF NOT SO IDENTIFIED IN PROGRAM ALLOCATIONS. MEMBERS FELT THIS ITEM SHOULD NEVERTHELESS (AND DESPITE PARA 58 OF 60TH COUNCIL REPORT) HAVE BEEN RAISED FINANCE COMMITTEE. WEST PROMISED CONFERENCE DOCUMENT SHOWING FULL ALLOCATION PROPOSED \$370,000. (5) \$100,000 TO FUND PROFESSIONAL AND GENERAL SERVICE POST TO SERVICE INTERNATIONAL RICE COMMISSION. POST EARLIER FINANCED BY UNDP. EFFORTS PERSUADE JAPAN FINANCE THROUGH TRUST FUND NEGATIVE. (NOTE: OVERALL MATTER OF FAO SERVICING SUCH BODIES IS FLAGGED IN PARA 3.12, PAGE 26, REPORT 30TH FINANCE COMMITTEE.) (B) \$390,000 FOR FAO'S SHARE OF MISSIONS TO HELP PREPARE FOOD STOCK PROGRAMS AT NATIONAL LEVELS AND ALSO IMPROVE FAO'S EARLY WARNING SYSTEM ON SHORTAGES. EXACT BREAKDOWNS NOT AVAILABLE. QUESTIONING REVEALED FAO EXPECTING IBRD AND "OTHERS" PAY ABOUT HALF OF WHATEVER COSTS INVOLVED FOOD STOCK MISSIONS. ON EARLY WARNING ITEM, WHICH WEST ADMITTED SOMEWHAT SEPARATE MATTER AND ALREADY RECEIVING INCREASED ATTENTION, PROPOSAL IS TO PROVIDE THREE NEW ECONOMIST POSITIONS.

CONTRARY JACKSON-WEST VIEW THAT DG HAD NO ALTERNATIVE BUT TO ADD ABOVE ITEMS TO BUDGET LEVEL PROPOSED 60TH COUNCIL, GROUP NOTED HE APPARENTLY HAD MADE NO ATTEMPT ABSORB TO EXTENT POSSIBLE.  
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BLE. THIS OPENED DISCUSSION ON \$1 MILLION ADD-ON FOR TRANSFER UNDP FINANCED POSTS TO REGULAR BUDGET. WEST MAINTAINED POSITIONS NOT FULLY OR DIRECTLY RELATED PROJECT DELIVERY, THUS AKIN MANY EXISTING REGULAR BUDGET POSITIONS. ONLY THREE POSTS (D-1 ASST. TO ADG FISHERIES, D-1 CHIEF OF MARKETING AND CREDIT SERVICE AND D-1 CHIEF OF PLANNING ASSISTANCE SERVICE, PAD) IDENTIFIED TO DATE. FIFTEEN OTHERS AT GRADES RANGING FROM P-2 TO 4 MARKED ONLY BY DIVISION.

(B) /JUSTIFICATION FOR SUSPENSE ACCOUNT/.

FAO ARGUED ACCOUNT NECESSARY EVEN FOLLOWING RECALCULATION BUDGET AT 563 LIRA PER DOLLAR (AS OPPOSED ORIGINAL 582) IN ORDER PREVENT

EXTENSIVE PROGRAM ADJUSTMENTS AS OCCURED 1973-74. SHOULD "WINDFALL" DEVELOP AS RESULT STRENGTHENING LIRASACCRUAL WOULD GO TO SPECIAL "PROFIT AND LOSS ACCOUNT" AND BE PROTECTED FOR MEMBERS BY REGULATIONS. UK SUGGESTED FINANCE COMMITTEE AND COUNCIL BE ASKED MONITOR SITUATION THROUGHOUT BIENNIUM IF SUSPENSE ACCOUNT APPROVED. RATHER THAN ENTERTAIN SUGGESTION LEVEL PROPOSED ACCOUNT MIGHT BE REDUCED, DDG PRESENTED PROPOSAL INCREASE IT BY \$1.6 MILLION, I.E. TO \$5.6 MILLION IN ORDER TO ALLOW FOR PAYMENT GENERAL SERVICE WAGE INDEX ADJUSTMENTS AT 5 PERCENT SHOULD THAT PROVE NECESSARY FOLLOWING SURVEY.

(C) /CONTROL OF CERTAIN "INCREASE" TYPE ALLOCATIONS/.

JACKSON SAW THIS AS PROPOSAL TO FORCE DG TO SEEK SAVINGS THROUGHOUT BIENNIUM. GG MEMBERS AGREED. THERE WAS DISCUSSION OF WHAT COULD BE INCLUDED. THINGS LIKE POST AND WAGE INDEX ADJUSTMENTS WERE NOTED AS OBVIOUS ITEMS BUT NO ATTEMPT WAS MADE COMPILE LIST. IT APPARENT MEMBERS WILL NEED PRESS STRONGLY FOR THIS IF DESIRED. POSSIBILITY MIGHT BE HAVE APPLICABLE INCREASE ITEMS SPECIFICALLY SPELLED OUT, WITH COSTS, IN COUNCIL REPORT WITH RECOMMENDATION ALLOCATIONS BE USED ONLY FOR PURPOSE FOR WHICH APPROVED. FINANCE COMMITTEE AND COUNCIL COULD THEN FOLLOW.

(D) /BREAK-OUT OF OVERHEAD COST ELEMENTS/.

WEST FELT FAO COULD DO NO MORE AT PRESENT THAN ESTIMATE COSTS IN TWO CATEGORIES. THOSE INVOLVED IN PROJECT IMPLEMENTATION UNCLASSIFIED

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AND THOSE INCURRED UP TO THIS STAGE. STUDIES TO DATE, HE SAID, WOULD SHOW TOTAL OVERHEAD COSTS OF AROUND 20 PERCENT. OF THIS ABOUT 7 PERCENT WOULD REPRESENT FAO COSTS PRIOR IMPLEMENTATION AND INCLUDE PLANNING WORKSON PROJECTS WHICH NEVER GET OFF GROUND. BASICALLY, HE FELT APPROACH TO FURTHER DEFINE ELEMENTS WAS SOUND BUT TIME REQUIRED DEVELOP.

3. WITH REGARD OVERALL BUDGET, WEST PROVIDED FOLLOWING:

#### CHAPTER

1 - GENERAL POLICY AND DIRECTION	\$ 7,816,500
2 - TEHCNICAL AND ECONOMIC PROGRAMS	62,121,100
E - FIELD PROGRAMS AND DEVELOPMENT SUPPORT	9,202,800
4 - SPECIAL PROGRAMS	2,515,700
5 - GENERAL PROGRAM SERVICES	7,642,200
6 - GENERAL SUPPORT	18,259,400
7 - MISCELLANEOUS EXPENDITURE	734,300
8 - CONTINGENCIES	200,000
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TOTAL EFFECTIVE WORKING BUDGET	\$108,492,000
9 - TRANSFER TO TAX EQUILIZATION FUND	14,900,000

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TOTAL APPROPRIATIONS (GROSS)        \$123,392,000

INCREASES SUBSEQUENT TO 60TH COUNCIL ARE:

TRANSFER UNDP POSTS TO REGULAR BUDGET		
FUNDING	\$1,000,000	
POST ADJUSTMENTS	608,000	
INCORPORATION OF POST ADJUSTMENTS	2,662,000	
OTHE R (HEALTH INSURANCE)	350,000	
RECALCULATION ELEMENTS OF BUDGET		
AT 563 LIRA PER DOLLAR	1,190,000	
ADD-ONS PROPOSED OCTOBER 18		
(DESCRIBED ABOVE)	1.182.000	
TOTAL	\$6,992,000	

JACKSON MADE CLEAR DG WILL NEED DECIDE DURING FAO CONFERENCE  
WHETHER ADD FUNDS FOR FAO ACTIVITY ASSOCIATED WITH PROPOSED  
WORLD FOOD CONFERENCE.  
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4. GROUP REPRESENTATIVES WHO PRINCIPALLY SEEKING INFORMATION  
MADE NO ATTEMPT ARGUE AGAINST FAO VIEWS ANY ITEM. THEY DID  
EXPRESS WHAT THEY FELT BE COLLECTIVE CONCERN OVER BUDGET LEVEL AND  
MANNER IN WHICH DEVELOPED. IN BRIEF GET-TOGETHER PRIOR  
MEETING WITH FAO OFFICERS, UK REP SHOWED OTHERS A PORTION OF  
GUIDANCE PROVIDED BY LONDON. PAPER EXPRESSED SHOCK AND DISAP-  
POINTMENT OVER LEVEL AND QUESTIONED (A) THE WISDOM OF HAVING A  
PRELIMINARY BUDGET FOR REVIEW BY JUNE COUNCIL, (B) THE VALUE  
9F PROGRAM BUDGETING AS A MANAGEMENT TOOL AND (C) THE SOUNDNESS  
OF FAO STEWARDSHIP.

5. THE DEPUTATION REPORTS TO THE GG AFTERNOON OCTOBER 26.  
WILL ADVISE.VOLPE

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<< END OF DOCUMENT >>

## Message Attributes

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**Capture Date:** 11 MAY 1999  
**Channel Indicators:** n/a  
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**Copy:** SINGLE  
**Draft Date:** 26 OCT 1973  
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**Disposition Approved on Date:**  
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